

## **Community Development Commission**

April 21, 2003

TO: Each Supervisor

FROM: Carlos Jackson, Executive Director

**SUBJECT: RECOMMENDATIONS FOR ADDITIONAL HOMELESS MENTAL HEALTH FUNDING**

This memorandum is in response to the motion made by Supervisor Antonovich at the Board meeting of March 18, 2003 which was requested, that I propose changes in policy regarding fund distribution from the Community Development Block Grant (CDBG) program or recommend state or federal legislation that would make appropriate changes so that funds are generated from existing revenues. Therefore, included in this report is a brief background on the CDBG program in addition to some recommendations that your Board may choose to pursue as a means of targeting additional funding for homeless mental health services.

### **Background**

The CDC administers the Urban County CDBG program, which is awarded by the U. S. Department of Housing and Urban Development (HUD). Unlike city entitlement programs, the County's grant amount is based on the combined demographics for the unincorporated areas and our participating cities with populations of 50,000 or less. Forty-eight small cities have signed cooperation agreements and receive annual allocations as part of the Los Angeles Urban County Program. These 48 cities represent 92% of the total number of small cities within the County. Of the 48 cities in our program, the majority of our cities have participated with us since the inception of our program. This is primarily due to the consistency and fairness of the Board's policy for allocating funds. Therefore, it is critical that we maintain the participation by these cities, so as not to have any reduction in our formula funding. Cities that do not participate in the Urban County program can choose to participate in the State Small Cities Program, which is comprised of a competitive application process. Cities with populations that exceed 50,000 receive CDBG funding directly from HUD.

The CDBG program was enacted by Congress in 1974 for the purpose of providing funding for housing, economic and community development projects and has three primary objectives: to benefit those with low- and moderate-incomes, aid in the prevention of neighborhood deterioration, and meet other urgent community development needs due to natural disasters or other emergencies. By statute, 85% of annual CDBG funding must be used for activities that expand affordable housing to low- and moderate-income persons, economically revitalize neighborhoods and provide long-term community improvements. The balance, 15%, may be used for public services that support capital improvements such as housing development and economic infrastructure.

In 1975, the Board adopted, as a policy, the HUD allocation formula, as a fair means of distributing CDBG funding between the Supervisorial Districts and the participating cities. This formula takes into account three major factors: population, the extent of overcrowded housing, and the extent of poverty weighted twice. Application of the formula has generally yielded an equal split of total funds available to the unincorporated areas and the cities. The County's policy also allows cities to develop projects and implement them in accordance with their local needs, provided CDBG regulations are met. For the unincorporated areas, CDBG funded activities address priority needs in each of the Supervisorial Districts. Each District has the discretion to determine which activities will be funded, and during the planning process, the CDC works closely with the CDC to determine funding priorities.

Currently, HUD is studying the CDBG formula indicators and distribution of funds with new Census 2000 data to ensure that CDBG funds reach communities most in distress. This study is conducted after each decennial census. The formula study is expected to be completed by Fall 2003. Because of the importance of this, the CDC is participating with several professional organizations to provide input into the study to ensure that our needs and interests are addressed. Since the initiation of the program, Congress has not changed the allocation formula. It is our understanding that the reason the formula has remained unchanged is that it gives maximum flexibility to local jurisdictions to develop programs that target their specific needs. It should be noted that the CDBG program is but one of the few entitlement programs that is broadly supported by Congress and the many associations representing the various levels of government, i.e., National League of Cities, National Association of Counties and U.S. Conference of Mayors.

### **Public Service Cap**

That statutory requirements place a restriction on the amount of funding that can be spent on public service activities. The regulations allow no more than 15% of the amount of the allocation to be used for public service activities (activities include senior recreation and meal programs, after-school programs, parenting programs, etc.). The balance of the funds, 85%, may be used only for non public service activities that address housing, community and economic development needs. Capital improvement and rehabilitation projects are emphasized by HUD because they are more permanent in nature. The 15% cap was established as a means of providing support services to meet the overall intent of the CDBG program, which is to develop capital or community improvement activities, as earlier stated.

After the 1992 civil unrest, both the City and County of Los Angeles received a five-year waiver from Congress (December 1992) to increase the public service cap to 25%. Through various congressional actions, the waiver was extended through June 30, 2004. Your Board has worked diligently to obtain a permanent waiver to the cap, but it has not been granted by Congress.

The General Accounting Office recently audited the City and County, and based on the findings, recommended that a permanent waiver not be granted. While obtaining a permanent waiver

continues to be a major legislative priority for the CDC and the County's legislative representatives, it is not anticipated that Congressional action will be taken. Therefore, as indicated previously, the July 1, 2003-June 30, 2004 fiscal year will be the final year of the 25% cap at which time the cap will revert to 15%.

### **Other Non-CDBG Funding Sources**

There is other funding revenue that is received by the County from which funding for homeless mental health services could be allocated. They are:

#### *Community Services Block Grant Program*

The U.S. Department of Health and Human Services, through the California State Department of Community Services and Development, allocates the Community Services Block Grant (CSBG), which is received and administered by the Department of Community and Senior Services in Los Angeles County. The purpose of the CSBG program is to help eliminate the causes and ameliorate the conditions of poverty, and is designed to provide a range of services to assist low-income people in attaining the skills, knowledge, and motivation necessary to achieve self-sufficiency. The program also provides low-income people with immediate life necessities such as food, shelter, health care needs, etc. This program was designed to be a social services program and provides similar services to those that are eligible under the CDBG public service cap.

In recent discussions with staff from CSS, we were advised that a recent Request for Proposal process was conducted and that funds have been committed through the end of calendar year 2006. Further, we were advised that CSBG funding is not allocated to mental health services specifically, but is targeted to poverty level families, which is mandated by state and federal guidelines. The state also does not allow agencies to receive CSBG funding for a stand-alone project. Funding is intended for collaboration with other programs to get individuals and families to self-sufficiency.

The County receives approximately \$6 million in CSBG funding annually. About 110 community-based organizations are receiving funding to provide services throughout Los Angeles County.

#### *Los Angeles Homeless Services Authority*

In December of 1993, the Board of Supervisors and the Mayor and City Council of Los Angeles created the Los Angeles Homeless Services Authority (LAHSA), a joint powers authority, to provide funding and guidance for a network of local, non-profit agencies with missions to help people leave homelessness permanently. These agencies are dedicated to providing as much assistance as possible to help homeless persons with housing, case management, counseling, advocacy, substance abuse programs and other specialized services. LAHSA currently has contracts with about 80 agencies for more than 120 programs, under different grant programs. The majority of all funding received by LAHSA is required to be utilized to address homelessness.

The CDC provides LAHSA with the County's entire allocation of Emergency Shelter Grant (ESG) Program funds of approximately \$1,320,000 annually. Additionally, the CDC allocates \$285,000 annually in CDBG funds to augment LAHSA's administrative expenses. LAHSA utilizes the County's ESG funding to provide emergency shelter services throughout the County.

If the Board so decided, the regulations provide that 30% of the County's ESG allocation could be redirected to provide stand-alone homeless mental health services. However, should the funds be redirected, the access center and the emergency response teams would no longer be operable in any of the County areas other than the City of Los Angeles. It is important to note that the majority of services that are provided from the ESG grant are linked to emergency shelters funded through the Emergency Shelter Services Program. The service providers utilize a portion of the funding to provide services such as case management, life skills training and housing assistance.

Currently LAHSA provides approximately \$24,358,227, in SuperNOFA funding for emergency, transitional and permanent housing and supportive services within the County area. Of this amount, \$5,593,333 is utilized to provide services, which are targeted to programs for the mentally ill. While the Board has no specific authority to redirect the SuperNOFA funding, it has significant influence with respect to establishment of the funding priorities since each Supervisor has an appointee to the LAHSA Commission. Further, LAHSA is required to conduct an extensive community planning process and, in addition, work with the Service Planning Areas (SPA's) to develop funding priorities. The priorities are voted on by the community and SPA's, and then forwarded to the LAHSA Commission for final approval.

#### *Housing Opportunities for Persons With AIDS*

The City of Los Angeles applies and receives the Housing Opportunities for Persons With AIDS (HOPWA) in the amount of \$10,489,000, on behalf of Los Angeles County. The County does not receive HOPWA funding because the City of Los Angeles, as the largest HUD formula grant recipient in the County, is charged with applying for funding to HUD and providing services to Los Angeles County.

Current regulations do provide for the funding of support services such as those for mental health. However, the city does not currently fund any such services directly as the City and County have always emphasized using the HOPWA funds for housing. Further, HOPWA funds non-profit organizations to provide supportive services and case management, and referrals to various types of services, mental health among them. Should the County wish to obtain funding directly from HUD, Congressional approval would be required to change the current regulations.

#### **Recommendations**

Based on the foregoing, I would recommend that the Board not consider any legislative efforts to amend the current CDBG allocation over which was adopted by HUD in distributing CDBG funds

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to all grantees. However, the following are recommendations that could be pursued to obtain additional funding for homeless mental health services within the County:

- 1) The Board could amend the current CDBG allocation and set aside a specific amount from the total 15% pool of available dollars to fund mental health services for the homeless;
- 2) A five-signature letter could be sent to the Mayor of Los Angeles requesting that specific funding be made available from the HOPWA grant to support mental health services for participants in their programs;
- 3) The Board could request that the LAHSA Commission agendaize this matter in order to determine how funds could be made available for the purpose of providing services to the homeless mentally ill. Furthermore, your Board could request that each appointed representative to the LAHSA Commission represent this County priority;
- 4) Instruct the Director of the Department of Community and Senior Services to report to the Board on the feasibility of using CSBG entitlement funds for this priority; and

Please call me should you have any questions or wish to discuss this further.

CJ:TG:ev

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